



Transportation Services Branch
Transportation and Marketing Programs
Agricultural Marketing Service
U.S. Department of Agriculture

Transportation Indicators for the Agricultural Containerized Shipping Industry

Third Quarter 2004
(July-September)
Issued November 2004

Revised November 2007

Indicator agricultural products U.S. to Asia	Current	% change	
		Last quarter	Last year
Rates - 3d Quarter 2004			
Refrigerated shipments ¹	\$3,695	(3%)	<1%
Dry shipments ²	\$1,263	21%	(6%)
Surcharges			
Bunker (fuel) Adjustment Factor ¹	\$230	20%	0%
Currency Adjustment Factor ³	49%	(9%)	20%
Volume - July 2004			
Outbound shipments ⁴	82 ⁵	5% ⁵	(11%) ⁵
Capacity - 2nd Quarter 2004, all products			
Container slots available ⁴	1,613	6.5%	4%
Container slots used ⁴	961	(4%)	9.5%
% of container slots used	60%	(10%)	5%

¹per 40-foot container ²per 20-foot container ³for shipments to Japan only ⁴thousand 20-foot containers

⁵monthly data presented, not quarterly

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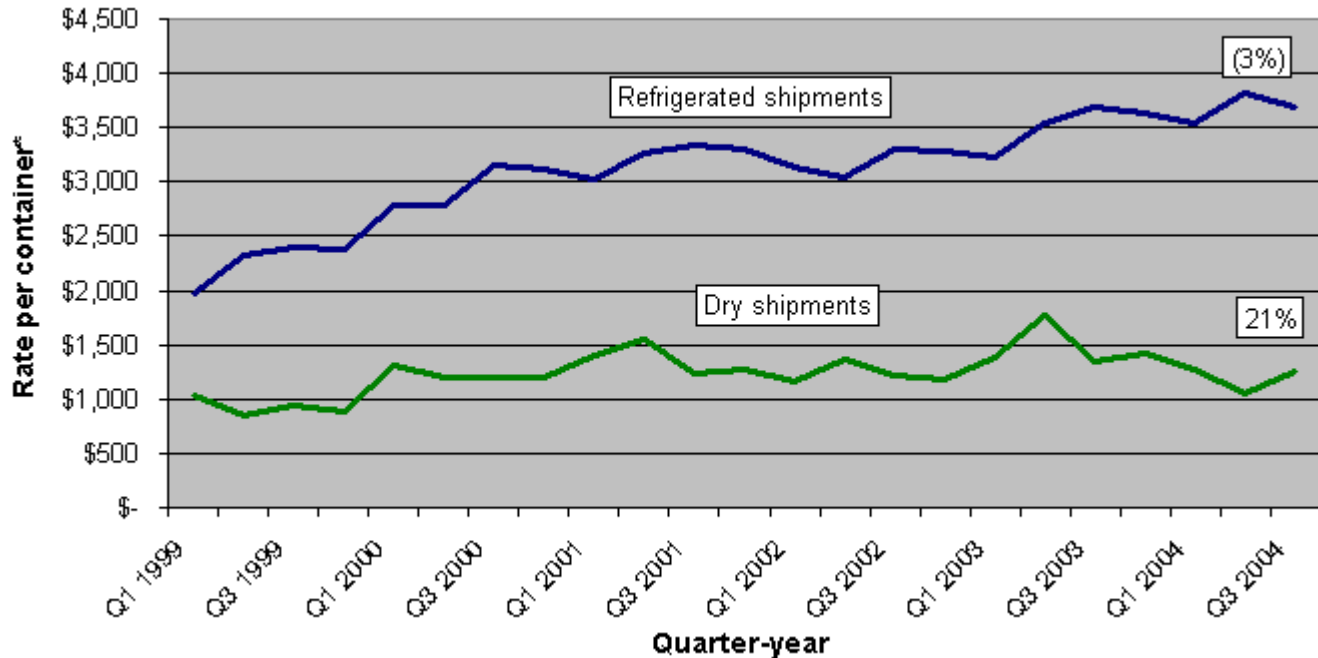
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Container Rates: Agricultural Shipments

Refrigerated and dry commodities, U.S. to Asia



*Refrigerated rates are for 40-foot containers. Dry rates are for 20-foot containers.

The indicators above are indexes based on a group of tariff rates for commodities tracked quarterly in the *Ocean Rate Bulletin*. Rates are weighted by market share for each shipping line, trade lane, and commodity. The refrigerated rate index includes: poultry, lettuce, frozen potatoes, grapes, apples, and oranges. The dry rate index includes: almonds, animal feed, pistachios, raisins, soybeans, and lentils. Rates include all surcharges and are calculated on a typical shipment for each commodity. See the list of [Asian countries](#) used in determining the refrigerated and dry rates.

Source: *Ocean Rate Bulletin*, USDA/AMS, <http://www.ams.usda.gov/tmd/ocean/index.asp>, 1999-2004

Dry rates increased during quarter 3, 2004. Tariff rates for dry containerized agricultural commodities such as animal feed, nuts and soybeans increased by 21 percent during quarter 3, 2004, while rates for refrigerated commodities decreased by 3 percent during the same quarter. Decreases in tariff rates for grapes, poultry, and oranges offset other rate increases such as a \$1,000 increase for fresh apples. General Rate Increases (GRI) for fresh apples took effect July 1, 2004, as recommended by the Westbound Transportation Stabilization Agreement (WTSA). The WTSA is a discussion group of major ocean carrier shipping lines operating in the U.S. to Asia trade lane. Member carriers discuss market situations, rates, and service availability.

December general rate increases recommended for cotton and soybean shipments. The WTSA has recommended a General Rate Increase (GRI) for U.S. cotton and soybean shipments to Asia. These increases are scheduled to take effect on December 1, 2004. The WTSA has recommended a GRI of \$90 for a 40-foot container shipment of cotton and a GRI of \$200 for a 20-foot container shipment of soybeans.

So what? (follow this link to expand)

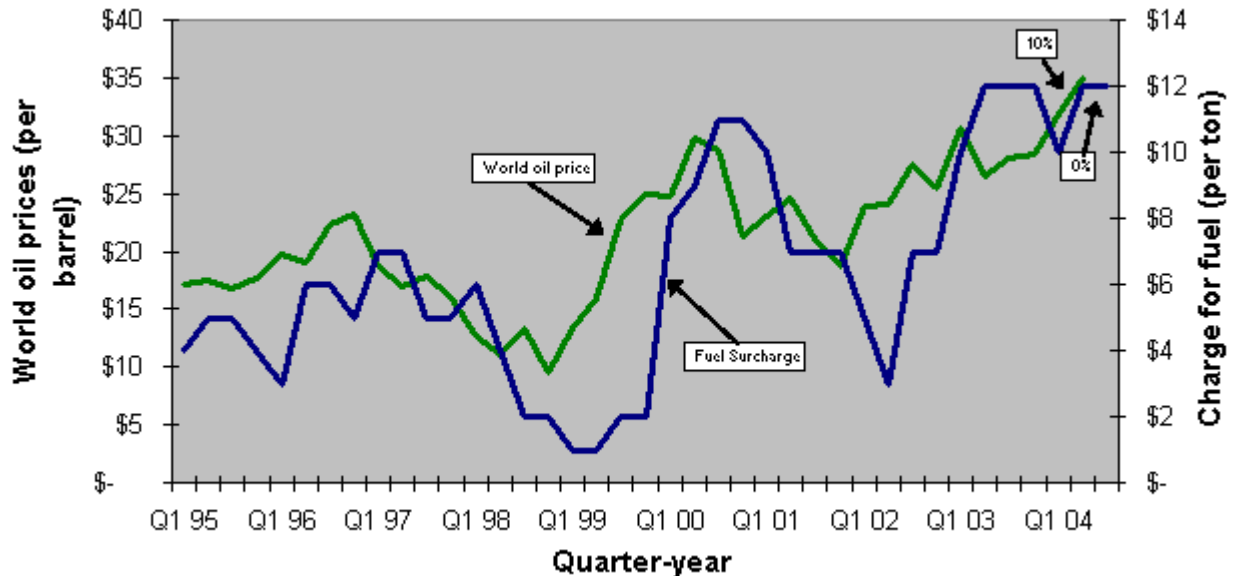
What is a container rate? (follow this link to expand)

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Surcharges: Bunker Adjustment Factor A Special Charge for Fuel

Bunker Adjustment Factor surcharge, compared with world oil prices



Sources: World Oil Prices: http://tonto.eia.doe.gov/oog/info/twip/twip_crude.html

Bunker Adjustment Factor: Ocean Rate Bulletin, USDA, www.ams.usda.gov/tmd/ocean

Bunker Adjustment Factor (BAF) Increase Recommended by the Westbound Transpacific Stabilization Agreement. Carriers held BAF surcharges steady at \$12 per metric ton during quarter 3, 2004 despite a 10 percent increase in world oil prices during quarter 2, 2004. However, recommendations from the WTSA and publicly filed tariff rates indicate a scheduled increase of \$2 per metric ton for BAF surcharges during quarter 4, 2004. This increase will raise BAF surcharges to \$275 per 40-foot container (see Bunker Adjustment Factor table). The additional \$2 per metric ton will increase the cost of shipping a 40-foot container of hay by almost 6 percent. According to the WTSA, BAF surcharges are increased to \$14 per metric ton when marine fuel prices top \$200 per ton. The quarter 4, 2004 scheduled increase is indicative of higher marine fuel costs as a result of increasing world oil prices.

Bunker Adjustment Factor		
Rate	Quarter 3	Quarter 4
Per 40-foot container	\$230	\$275
Per 20-foot container	\$184	\$220
Per ton	\$12	\$14

Crude oil prices remain high even though output by key Organization of the Petroleum Exporting Countries (OPEC) is at the highest levels since OPEC began tracking output levels in 1982 (*Short-Term Energy Outlook*, September, 2004). Prices are likely to remain high as inventories remain low and global oil demands rise. As of late October, spot prices for crude oil were at \$54.89 per barrel; prices are expected to average above \$40 per barrel well into 2005 (*Short-Term Energy Outlook*, October, 2004).

So What? (follow this link to expand)

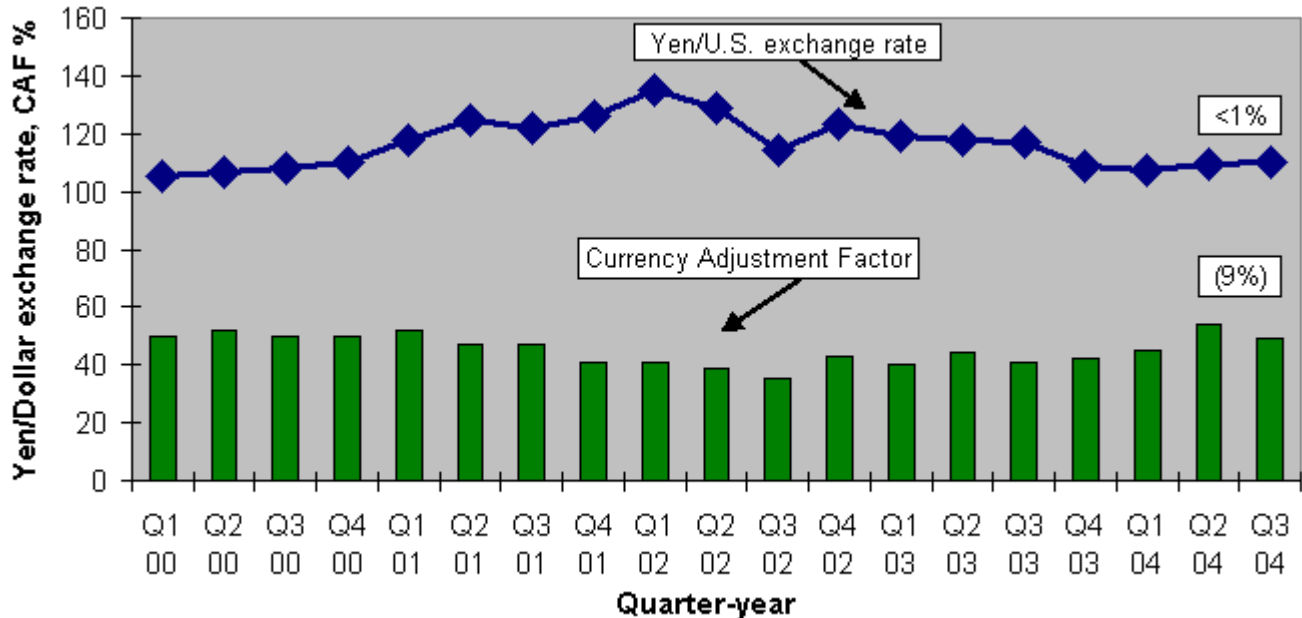
What is the BAF? (follow this link to expand)

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Surcharges: Currency Adjustment Factor (Japan)

Comparison of the yen/dollar exchange rate with the Currency Adjustment Factor (CAF) for shipments to Japan



Sources: Federal Reserve Statistical Release, Foreign Exchange Rates, Historical Data <http://www.federalreserve.gov/releases/H10/hist/>; Ocean Rate Bulletin, AMS, 2000-2004

Currency Adjustment Factor (CAF) reflects Appreciation of the Dollar. During quarter 3, 2004, most shipping lines used the recommended CAF surcharge of 49 percent for shipments to Japan. The third quarter's CAF surcharge reflects a 5 percentage point decrease compared to the previous quarter's CAF surcharge of 54 percent (see Currency Adjustment Factor Table). This reduction in the CAF surcharge represents a saving of \$145 for a 40-foot container of frozen poultry and a \$35 savings for a 40-foot container of hay. Prior to quarter 3, 2004, CAF surcharges have been increasing due to a period of depreciation of the U.S. Dollar.

Currency Adjustment Factor		
Country	Quarter 2	Quarter 3
Japan	54%	49%
Singapore	8%	9%
Taiwan	4%	4%

CAF to remain the same in quarter 4 for shipments to Japan. The Westbound Transpacific Stabilization Agreement (WTSA) is expecting little change in the yen per dollar exchange rate as recommended CAF surcharges for shipments to Japan remain at 49 percent for quarter 4, 2004. The WTSA has also recommended a one percentage point decrease in CAF surcharges for exports to Singapore for the same quarter. The WTSA is a discussion group of major ocean carrier shipping lines operating in the U.S. to Asia trade lane. Member carriers discuss market situations, rates, and service availability.

So what? (follow this link to expand)

What is the CAF? (follow this link to expand)

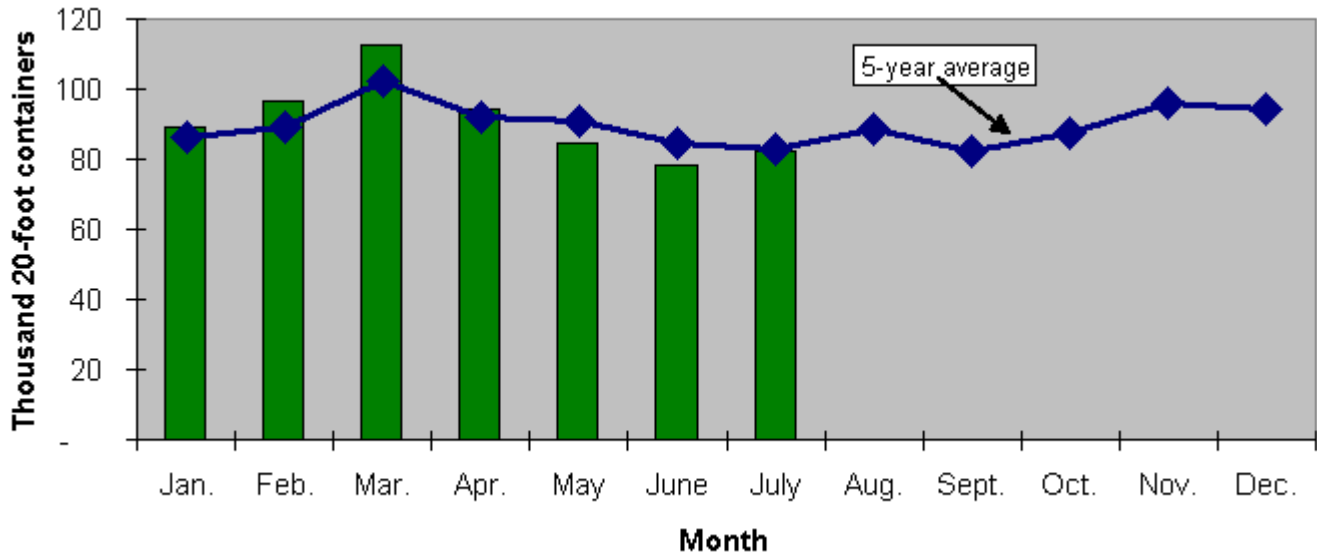
*Rate increases estimated from frozen poultry and hay shipments, respectively.

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Outbound Volume: Agricultural Shipments

Containerized agricultural products, U.S. to Asia



Source: Port Import Export Reporting Service (PIERS), Journal of Commerce, New York, 2004
See a list of [Asian countries](#) used to calculate the volume numbers above.

Continued economic growth in Asia keeping U.S. containerized agricultural exports strong. Strong growth so far this year in exports of fruits and vegetables is partially due to stronger global economic growth, particularly in Asia, a major U.S. market for containerized agricultural products. During the month of July, agricultural exports to Asia were up 5 percent recovering from a relatively low monthly total in June. Top commodities exported in July included animal feed, cotton, hides and leathers, vegetables, and grocery items. These commodities accounted for more than 50 percent of the containerized agricultural exports from the U.S. to Asia during the month of July. Over 16,000 20-foot containers of animal feed were exported in July; this is an increase of 14 percent over animal feed exported in June.

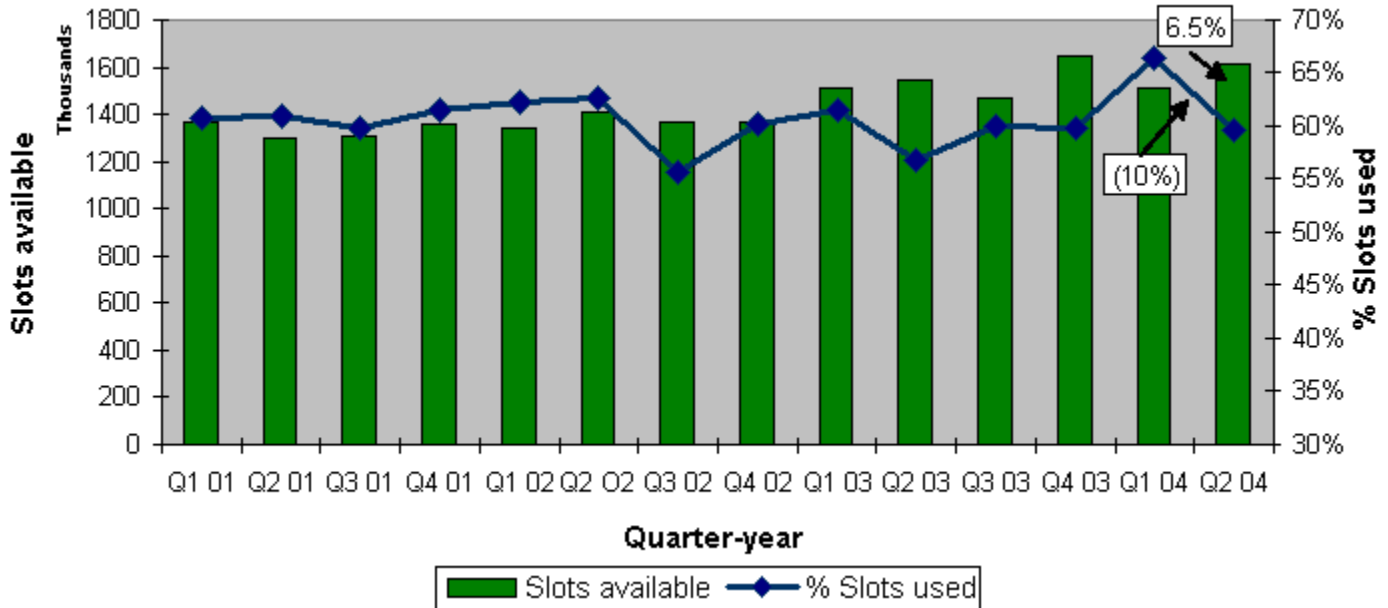
So what? (follow this link to expand)

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Capacity and Utilization

Outbound container slots available vs. slots used, U.S. to Asia



Source: On Board Review, PIERs, New York, 2001-Q2 2004

Container slots available continue to rise. The number of container slots made available by shipping lines during quarter 2, 2004 rose almost 7 percent while the percentage of slots used decreased 10 percent. This decrease in slots used is likely in response to the increase in the slots made available as well as a slow export season for containerized products. Since the beginning of 2003, the number of slots made available has gradually increased. Carriers are upgrading their fleet as to accommodate growing volumes of cargo moving in the Trans-Pacific trade. The container industry is moving toward a trend in building and operating new "megaships" that can hold 8,000 or more 20-foot containers. Currently, a typical container ship holds approximately 4,500 20-foot containers.

So what? (follow this link to expand)

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Container Rates: Agricultural Shipments General Rate Increases

Refrigerated and dry shipments

Commodity	Destination port	GRI	Shipping line	Effective date	Old rate	New rate
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Refrigerated commodities

Wine	Antwerp	\$15/kt	P&O Nedlloyd	October 1	\$560/kt	\$575/kt
Wine	Rotterdam	\$15/kt	P&O Nedlloyd	October 1	\$560/kt	\$575/kt
Wine	Thamesport	\$15/kt	P&O Nedlloyd	October 1	\$543/kt	\$558/kt

Source: Various shipping line Web sites, Federal Maritime Commission